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FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly, pursuant to Assembly resolution 51/225 of 3 April 1997, the proposals of the Board of Auditors for improving the implementation of its recommendations approved by the General Assembly (see annex).

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LETTERS OF TRANSMITTAL

10 December 1997

Sir,

I have the honour to transmit to you the following documents:

(a) The report on the proposals of the Board of Auditors for improving the implementation of its recommendations in accordance with General Assembly resolution 51/225 of 3 April 1997 (see annex);

(b) The letter of transmittal to the President of the General Assembly.

Accept, Sir, the assurances of my highest consideration.

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of
Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

The Secretary-General of the United Nations
New York

10 December 1997

Sir,

I have the honour to present to you the report on the proposals of the Board of Auditors for improving the implementation of its recommendations in accordance with General Assembly resolution 51/225 of 3 April 1997 (see annex).

Accept, Sir, the assurances of my highest consideration.

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of
Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

ANNEX

Proposals of the Board of Auditors for improving the implementation of its recommendations approved by the General Assembly

1. In its resolution 51/225 of 3 April 1997, the General Assembly requested the Board of Auditors to submit to the General Assembly at its fifty-second session proposals for improving the implementation by the Secretary-General and the executive heads of the United Nations funds and programmes of the recommendations of the Board as approved by the Assembly. The Board was also requested to suggest possible changes in reporting on the progress of such implementation; to indicate more clearly in its future reports recommendations which have not been fully implemented; and to point out, with greater precision, incidences of malpractice and violations of rules and regulations.

2. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board reviews measures taken by the Secretary-General and the executive heads of funds and programmes to implement its previous recommendations. The comments on the progress of implementation are included as an annex to the Board's reports that are submitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions. In the case of the United Nations Joint Staff Pension Fund (UNJSPF), the comments are included in the reports of the Fund that are submitted to the General Assembly through the United Nations Joint Staff Pension Board. As most of the reports of the Board of Auditors are linked to the biennial financial statements of the organizations of the United Nations, this formal follow-up takes place every two years. Following from General Assembly resolution 51/225, the Board's report now identifies separately cases of recurring malpractice and violation of rules and regulations that have not been implemented by the administrations.

3. To help strengthen the implementation of the Boar's recommendations, the Board submits the following proposals for consideration and approval by the General Assembly. The Board has solicited the comments of the Advisory Committee on Administrative and Budgetary Questions, the administrations of the United Nations and its funds and programmes as well. Those comments are reflected, where appropriate, in the present report.

Specification of timetable for implementation of recommendations

4. The General Assembly in its resolution 48/216 B requested the executive heads of United Nations organizations and programmes to include in the progress reports to the Assembly timetables for the implementation of the Board's recommendations. The Board noted from the progress reports submitted to the General Assembly that this requirement was not fully complied with, as in some of the cases the timetables were not provided.

5. To enhance the effective monitoring of the rate of implementation, the Board recommends that the administrations should provide in their progress reports timetables for implementation of the Board's recommendations in all

cases, in compliance with resolution 48/216 B. The Board further recommends that UNJSPF should also provide similar information in its progress reports to the General Assembly.

Disclosure of office holders to be held accountable

6. The format of the progress reports should be improved to specify the title or position of individual officers to be held accountable for the implementation of the recommendations. In cases where the recommendation is not implemented in full and on time, the Administration should provide a well-substantitated explanation for such an occurrence. Measures taken or envisaged to be taken towards full implementation of the recommendation should be specified, accompanied by a revised implementation timetable and a designation of the official responsible for the exercise.

7. If the failure to implement a recommendation was attributable to the negligence and mismanagement of the responsible officer(s), the Administration should invoke appropriate sanctions against such officer(s). This should be reflected in the progress report.

Establishment of special committees

8. To assist the Advisory Committee in its role of overseeing the implementation of its audit recommendations, the Board suggests that the United Nations and all its funds and programmes as well as the secretariat of UNJSPF should establish an effective mechanism to strengthen oversight in regard to the implementation of audit recommendations. Such a mechanism could be either in the form of a special committee comprising senior officials or, if a committee of senior officials in the area of administration and management is already in operation, through establishing a focal point for audit and oversight matters and entrusting him/her with the submission of quarterly reports on implementation of the audit recommendations for the Committee's review.

9. Under either arrangement, these committees should be charged with the responsibility of ensuring that the Board's recommendations are implemented within the time frame provided. Clear and adequate terms of reference should be put in place to guide and enhance the effective functioning of the established oversight committees.

Change in reporting arrangements

10. Under the current arrangements, the submission of the progress reports on the implementation of the Board's recommendations by the Secretary-General and the heads of funds and programmes and UNJSPF are aligned to the annual and biennial accounting periods of the organizations. Thus while the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Institute for Training and Research (UNITAR) and United Nations peacekeeping operations submit their progress reports on an annual basis, the other organizations submit theirs on a biennial basis. For uniformity and improved

monitoring of the rate of implementation, the Board suggests that all the progress reports should be submitted to the General Assembly on an annual basis. The Board will examine these reports and submit a summary report to the General Assembly on the status of their implementation.

(Signed) Sir John BOURN, KCB
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

10 December 1997